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**James A. Carder**  
Director  
Division of Accounting

## **MEMORANDUM**

**TO:** Agency Payroll, Personnel, and Fiscal Officers

**FROM:** James A. Carder, Director

**DATE:** March 10, 2003

**RE:** Reschedule of MCHCP Employee Deductions and State Contributions

In order to help ease this year's fiscal crisis, we plan to reschedule our health care premium payments to Missouri Consolidated Health Care Plan (MCHCP) starting April 1, 2003. This change is possible due to the operating efficiencies provided by the state payroll system and the administrative systems at MCHCP.

State employees that participate in MCHCP pay for the next month's health care coverage with current month deductions. The State also pays the employer contribution of \$235.50 per pay period in the month before coverage. However, the revised schedule will not require payments on both April 15 and 30 for coverage that begins May 1. We will now be able to pay for May coverage with deductions on April 30 and May 15.

This rescheduling of our MCHCP payment/due dates will result in a one-time cost savings for employees and the State. This schedule change will become effective April 1, 2003. This will result in no MCHCP employee health care deductions or employer contributions for current employees on the payroll dated April 15, 2003. April 30 and May 15 deductions will pay for May 1-31 MCHCP health care coverage.

Following are the highlights of the change and the conversion steps:

### **Highlights**

- Employees and State will pay for health insurance coverage for the next semi-month pay period (deduction from check dated April 30 for May 1 to 15 coverage).
- We plan to preserve the full month coverage standard. All coverage begins on the first day of the month following the date of hire.  
Example 1: Employee hired on April 1 has coverage effective May 1 with first payroll deduction April 30 for May 1 to May 15 coverage; and the second payroll deduction on May 15 for May 16 to 31 coverage.

Example 2: Employee hired on April 19 has coverage effective May 1. First Payroll check on May 15 should include the regular deduction, and 1DEDs for employee and employer shares for the May 1-15 coverage.

- Terminating employees pay for and receive coverage through last month employed.  
Example 3: If employee terminates on May 10, deductions for May coverage are paid on April 30 and May 15 payrolls. The enrollment (ENRL) should be expired with a 4/30 expiration date to prevent a deduction on the 5/31 check.  
Example 4: If employee terminates on May 19, the enrollment should be expired with a 4/30 expiration date to prevent an erroneous deduction on the 5/31 and 6/15 checks.

### Conversion Steps

- Transition to new schedule effective April 1, 2003.
- March payroll deductions and employer contribution pay for April health care coverage.
- There is no employee deduction or employer contribution on the April 15 payroll.  
Example 5: Employee is hired March 1 and has coverage effective April 1. First payroll check dated March 31 should have the regular deduction and 1DEDs for the employee and employer share, which will pay for coverage April 1-30. The employee has no April 15 deduction.  
Example 6: Employee is hired March 16 and has coverage effective April 1. First payroll check dated April 15 should have 1DEDs for employee and employer shares for the April 1-30 coverage.
- After the last payroll in March, OA will expire current healthcare enrollments (deductions) and re-enroll with new effective and expiration dates for current employees. This will stop employee deductions and employer share transfers for the April 15 payroll and restart them on the April 30 payroll.

The revised guide for Deduction and Benefit Plan Effective Dating for the new health insurance schedule can be found on the SAM II HR website, Policies and Procedures, Deductions and Benefits, Helpful Hints. Please use this schedule for new hires, beginning in April 2003.

Attached is a draft memo you may wish to use to inform your employees about the upcoming change in the deduction schedule. Thank you for your cooperation and assistance in this process. If you have any questions, please contact Vandee DeVore, Central Payroll Manager at (573) 522-5863.

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## **MEMORANDUM**

**TO:** Department Employees

**FROM:** Department Director

**DATE:**

**RE:** Reschedule of MCHCP Health Care Employee Deductions

Health care deductions for participants of the Missouri Consolidated Health Care Plan (MCHCP) are being rescheduled effective April 1, 2003. Currently, you pay health care deductions a month in advance of your coverage. The new schedule will move your health care deduction to a single pay period in advance of the coverage.

For example, you currently pay for your health care coverage for May from deductions on the two April payroll checks. This rescheduling will move your deduction for the first half of May coverage to the April 30, 2003 payroll check. Your deduction for the last half of May coverage will move to your May 15, 2003 payroll check.

With this change, MCHCP participants will not have a health care deduction taken from their April 15, 2003 payroll check. Further, your health care coverage will not be affected by this reschedule of health care deductions.

In response to the current budgetary situation, this action will allow a one time cost savings for employees and the state. It is the result of accounting modifications that permit deductions to be taken closer to the actual period of coverage.

If you have questions regarding this change, please contact your payroll representative.